

Document No. 008
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Class. SECRET
Auth: SECRET
Date: APR 1978 By: 013

CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

101827

COUNTRY Germany (Russian Zone)

DATE: 25X1A2g WE

SUBJECT Private Enterprise in Mecklenburg

INFO. 18
DIST. 18 August 1947

25X1A6a

PAGES 2
SUPPLEMENT

ORIGIN
25X1X6

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The following report is a condensed translation of a statement
by the proprietor of a large paper factory in Mecklenburg.

1. If anyone has helped us, it has been only the SMA. The Ministry of Economics is supposed to be running a "machinery-exchange"; however, it has not given us any of the machinery we urgently require, although such machinery is lying idle in various places. Accordingly, when our agents succeeded in locating such items, we had them requisitioned for us by "secret order of the proper Kreis SMA". The state government refuses to sanction any truck trips outside of the state; however, when we appeal directly to the SMA (direct communication with the SMA is actually forbidden), we always receive approval for our trips.
2. A large portion of the machinery we need cannot be obtained in the Russian Zone, especially electric motors and special machine tools. With the tacit consent of the Russians, our workmen cross the border illegally and buy these items from factories from whom we have bought for decades. The items are then brought to our "bridgehead" on the other side of the Elbe and then smuggled across in boats. Last winter heavy machinery was brought across the ice on sleds; the Russian border patrol helped push, locked up our workmen 24 hours pro forma, then released them with a commendation for their valiant deed.
3. Building materials, tile, cement, and lime are generously furnished by the SMA. The local German authorities stir up as much trouble for us as possible because they are annoyed by the preferential treatment received by our "capitalistic" firm.
4. The Ministry of Economics is on the side of our firm and influential communists in the ministry are on terms of personal friendship with the proprietor. They pretend to be helping the firm but actually have no means for doing so; however, it is very valuable that at least they do not attempt to interfere with our management.
5. The Ministry of the Interior is completely hostile. Minister Warnke would like to sequester the firm's properties. However, he is unable to find any experts among the state-owned industries who feel qualified to take over our factory. The local German authorities are unaware of this difficulty and continue to urge that the factory be sequestered.

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6. The employees voted 99% against sequestration and requested that the proprietor be retained. At the last election of factory council representatives, the sole Communist who had been a member was defeated.
7. The firm intends to draw 500,000 - 1,000,000 RM on a credit of 2,000,000 RM offered it by the state. The proprietor, fearing that the firm will unquestionably be sequestered within the next few years, is withdrawing sums from the firm's bank account in order to have liquid funds at his disposal.

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